

110TH CONGRESS  
1ST SESSION

# H. R. 2547

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IN THE SENATE OF THE UNITED STATES

JULY 17, 2007

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To amend the Federal Deposit Insurance Act to prevent  
misrepresentation about deposit insurance coverage, and  
for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “FDIC Enforcement  
3 Enhancement Act”.

4 **SEC. 2. ENFORCEMENT AGAINST MISREPRESENTATIONS**  
5 **REGARDING FDIC DEPOSIT INSURANCE COV-**  
6 **ERAGE.**

7       (a) IN GENERAL.—Section 18(a) of the Federal De-  
8 posit Insurance Act (12 U.S.C. 1828(a)) is amended by  
9 adding at the end the following new paragraph:

10               “(4) FALSE ADVERTISING, MISUSE OF FDIC  
11 NAMES, AND MISREPRESENTATION TO INDICATE IN-  
12 SURED STATUS.—

13               “(A) PROHIBITION ON FALSE ADVER-  
14 TISING AND MISUSE OF FDIC NAMES.—No per-  
15 son may—

16               “(i) use the terms ‘Federal Deposit’,  
17 ‘Federal Deposit Insurance’, ‘Federal De-  
18 posit Insurance Corporation’, any combina-  
19 tion of such terms, or the abbreviation  
20 ‘FDIC’ as part of the business name or  
21 firm name of any person, including any  
22 corporation, partnership, business trust,  
23 association, or other business entity; or

24               “(ii) use such terms or any other sign  
25 or symbol as part of an advertisement, so-  
26 licitation, or other document,

1 to represent, suggest or imply that any deposit  
2 liability, obligation, certificate or share is in-  
3 sured or guaranteed by the Federal Deposit In-  
4 surance Corporation, if such deposit liability,  
5 obligation, certificate, or share is not insured or  
6 guaranteed by the Corporation.

7 “(B) PROHIBITION ON MISREPRESENTA-  
8 TIONS OF INSURED STATUS.—No person may  
9 knowingly misrepresent—

10 “(i) that any deposit liability, obliga-  
11 tion, certificate, or share is federally in-  
12 sured, if such deposit liability, obligation,  
13 certificate, or share is not insured by the  
14 Corporation; or

15 “(ii) the extent to which or the man-  
16 ner in which any deposit liability, obliga-  
17 tion, certificate, or share is insured by the  
18 Federal Deposit Insurance Corporation, if  
19 such deposit liability, obligation, certificate,  
20 or share is not insured by the Corporation  
21 to the extent or in the manner represented.

22 “(C) AUTHORITY OF FDIC.—The Corpora-  
23 tion shall have—

1 “(i) jurisdiction over any person that  
2 violates this paragraph, or aids or abets  
3 the violation of this paragraph; and

4 “(ii) for purposes of enforcing the re-  
5 quirements of this paragraph with regard  
6 to any person—

7 “(I) the authority of the Cor-  
8 poration under section 10(c) to con-  
9 duct investigations; and

10 “(II) the enforcement authority  
11 of the Corporation under subsections  
12 (b), (c), (d) and (i) of section 8,

13 as if such person were a state nonmember in-  
14 sured bank.

15 “(D) OTHER ACTIONS PRESERVED.—No  
16 provision of this paragraph shall be construed  
17 as barring any action otherwise available, under  
18 the laws of the United States or any State, to  
19 any Federal or State law enforcement agency or  
20 individual.”.

21 (b) ENFORCEMENT ORDERS.—Section 8(c) of the  
22 Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is  
23 amended by adding at the end the following new para-  
24 graph:

1           “(4) FALSE ADVERTISING OR MISUSE OF  
2 NAMES TO INDICATE INSURED STATUS.—

3           “(A) TEMPORARY ORDER.—

4           “(i) IN GENERAL.—If a notice of  
5 charges served under subsection (b)(1) of  
6 this section specifies on the basis of par-  
7 ticular facts that any person is engaged in  
8 conduct described in section 18(a)(4), the  
9 Corporation may issue a temporary order  
10 requiring—

11           “(I) the immediate cessation of  
12 any activity or practice described,  
13 which gave rise to the notice of  
14 charges; and

15           “(II) affirmative action to pre-  
16 vent any further, or to remedy any ex-  
17 isting, violation.

18           “(ii) EFFECT OF ORDER.—Any tem-  
19 porary order issued under this subpara-  
20 graph shall take effect upon service.

21           “(B) EFFECTIVE PERIOD OF TEMPORARY  
22 ORDER.—A temporary order issued under sub-  
23 paragraph (A) shall remain effective and en-  
24 forceable, pending the completion of an admin-  
25 istrative proceeding pursuant to subsection

1 (b)(1) in connection with the notice of  
2 charges—

3 “(i) until such time as the Corpora-  
4 tion shall dismiss the charges specified in  
5 such notice; or

6 “(ii) if a cease-and-desist order is  
7 issued against such person, until the effec-  
8 tive date of such order.

9 “(C) CIVIL MONEY PENALTIES.—Violations  
10 of section 18(a)(4) shall be subject to civil  
11 money penalties as set forth in subsection (i) in  
12 an amount not to exceed \$1,000,000 for each  
13 day during which the violation occurs or con-  
14 tinues.”.

15 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

16 (1) Section 18(a)(3) of the Federal Deposit In-  
17 surance Act (12 U.S.C. 1828(a)) is amended—

18 (A) by striking “this subsection” the first  
19 place such term appears and inserting “para-  
20 graph (1)”; and

21 (B) by striking “this subsection” the sec-  
22 ond place such term appears and inserting  
23 “paragraph (2)”.

24 (2) The heading for subsection (a) of section 18  
25 of the Federal Deposit Insurance Act (12 U.S.C.

